



ARIZONA CORPORATION COMMISSION

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Commission Halts \$4.9 Million Investment Scam

Tucson Couple and their Company Admit to Defrauding Investors

PHOENIX, AZ—The Arizona Corporation Commission today ordered Tucson residents Michael and Betsy Feinberg and their affiliated company, Catharon Software Corporation, to pay \$4,926,559 in restitution and a \$250,000 administrative penalty for defrauding investors with an unregistered investment program.

The Commission found that the Feinbergs, formerly of Sedona, represented that they had created and owned a patented computer language technology named “VADelta” that would enable Catharon to compete with Microsoft and other computer language systems manufacturers. While not registered to offer or sell securities in Arizona, the Feinbergs induced investors to purchase Catharon stock by repeatedly representing that Catharon would launch its technology within months of the investors’ investment, Catharon would generate \$2 billion in revenue within three years and investors would receive returns of between 400 and 1,572 percent. The Commission found, however, that the Feinbergs never launched Catharon’s technology.

The Commission found, and the Feinbergs admitted, they did not have any reasonable factual basis for the projected launch dates, the projected \$2 billion revenue figure and investment returns, or their representations that Catharon would compete with Microsoft and similar companies. Further, the Commission found that the Feinbergs failed to disclose their use of investor monies to pay for personal living expenses, including a bird-watching trip to Mexico, as well as the transfer of more than \$891,000 to their personal bank account.

In settling this matter, the Feinbergs admitted to the Commission’s findings for the purposes of its administrative proceeding and any other proceeding in which the Commission is a party and consented to the entry of the consent order. For more details about this case, view the full text of the Commission’s order [S-20905A-14-0061](#). The Commission’s final order against the named respondents will be posted online as soon as it is signed by all of the Commissioners. Please check the website:

<http://www.azcc.gov/divisions/securities/enforcement/enforce-orders.asp>

More caution for investors:

Even when selling a legitimate product, some promoters do not recognize the investment program they have created is a security. Determining whether an alternative investment program is a security is not always easy to determine and depends upon the unique facts and circumstances of the transaction and not on what a promoter calls the investment product. Even when investing with someone they know, investors should verify the registration of sellers and investment opportunities and investigate disciplinary histories by contacting the Arizona Corporation Commission’s Securities Division at 602-542-4242 or toll free in Arizona at 1-866-VERIFY-9 (837-4399). The Securities Division’s investor education website also has helpful information at www.azinvestor.gov.

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